

HOUSE FINANCE COMMITTEE  
March 31, 2021  
1:34 p.m.

1:34:52 PM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Kelly Merrick, Co-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Ben Carpenter  
Representative Bryce Edgmon  
Representative DeLena Johnson  
Representative Andy Josephson  
Representative Bart LeBon  
Representative Sara Rasmussen  
Representative Steve Thompson  
Representative Adam Wool

MEMBERS ABSENT

None

PRESENT VIA TELECONFERENCE

Keith Kurber, Governor Appointee, Regulatory Commission of Alaska; Robert Pickett, Governor's Appointee, Regulatory Commission of Alaska; Rhonda Boyles, Governor's Appointee, Alaska Mental Health Trust Authority; Brent Fisher, Governor's Appointee, Alaska Mental Health Trust Authority; Annette Gwalthney-Jones, Governor's Appointee, Alaska Mental Health Trust Authority; Anita Halterman, Governor's Appointee, Alaska Mental Health Trust Authority; Treg Taylor, Governor's Appointee, Attorney General; Barry Jackson, Self, Anchorage; Andree McLeod, Alaska Public Interest Research Group, Anchorage.

SUMMARY

CONSIDERATION OF GOVERNOR'S APPOINTEES:

REGULATORY COMMISSION OF ALASKA:  
KEITH KURBER  
ROBERT PICKETT

ALASKA MENTAL HEALTH TRUST AUTHORITY BOARD OF  
TRUSTEES:  
RHONDA BOYLES  
BRENT FISHER  
ANITA HALTERMAN  
ANNETTE GWALTHNEY-JONES

ATTORNEY GENERAL, DEPARTMENT OF LAW  
TREG TAYLOR

Co-Chair Merrick reviewed the meeting agenda.

^CONSIDERATION OF GOVERNOR'S APPOINTEES: REGULATORY  
COMMISSION OF ALASKA: KEITH KURBER and ROBERT PICKETT

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KEITH KURBER, GOVERNOR APPOINTEE, REGULATORY COMMISSION OF ALASKA (via teleconference), introduced himself. He shared details about his personal background. He provided details about his job history including 30 years of U.S. Army service. He retired as a colonel as a special forces officer in 2011. He shared additional details about his service in the military. He had also worked in public safety as a police and fire officer at the Fairbanks airport. His education included a Bachelor of Science from the U.S. Military Academy at West Point. Additionally, he had a Master's in organizational leadership and a Doctor of Ministry. He elaborated that he had graduated from a variety of military training courses including the Alaska State Trooper Academy and others.

Mr. Kurber shared that he had spent his life with a view towards a service ethos, which had been heavily instilled by his parents. He relayed that service as a commissioner on the Regulatory Commission of Alaska (RCA) allowed him to use the combination of training and life experience he had compiled to serve his state again. He believed his personal and professional life had uniquely prepared him to serve in the position, as it had required him to analyze complex issues and make critical decisions often under time pressure. Additionally, he came from Fairbanks and had been

told by another commissioner how valuable his perspective from Fairbanks would be on the RCA. He added that he had also lived in Mat-Su and traveled extensively in rural Alaska as a result of his National Guard service. He thanked the committee for its consideration.

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Co-Chair Merrick recognized that Representative Carpenter had joined the meeting. She thanked Mr. Kurber for his remarks.

Representative Edgmon thanked Mr. Kurber for his service to the country. He asked Mr. Kurber about his experience relative to serving on the RCA. He referenced a specific example relative to the Bradner Lake power situation, which had numerous entanglements in terms of investments. He observed that Mr. Kurber did not appear to have utility or engineering experience or anything specifically showing he was qualified other than a broader viewpoint of being on the RCA. He asked Mr. Kurber if he knew anything about the Bradner Lake situation and the issue of getting access to the rest of the state. He asked Mr. Kurber how he would deal with the situation as an RCA member.

Mr. Kurber answered by speaking to educational experience in addition to the statutory requirement in AS 42.04 requesting a law or engineering degree. The statute gave an alternate ability to serve on the commission if a person had five years of experience in a variety of fields including public administration. He believed his 30 years of military and 6 years of public safety experience met the threshold. He had served on the commission for 31 days and had not yet encountered the Bradley Lake subject. He would get back to the committee after studying the issue.

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Representative LeBon thanked Mr. Kurber for accepting the appointment and he complimented the appointee on his outstanding resume. He shared that he had gotten to know Mr. Kurber over the past several years as a bank customer and candidate for state House. He believed his appointment was serving Alaska well.

Representative Rasmussen appreciated time the past fall hearing from Mr. Kurber. She believed he would be an excellent addition to the RCA.

Representative Josephson thanked Mr. Kurber for his service to the country. He stated that the commission was entrusted with regulating monopolies providing essential service to Alaskans. He stated that during the legislative hearings the previous year on SB 123, the legislature charged the RCA with bringing an Electric Reliability Organization (ERO) into being to serve residents of the state on the Railbelt. He stated that the RCA was currently holding technical sessions and public meetings to craft regulations to implement SB 123. He continued that one of the reasons the RCA asked the legislature to consider creating an ERO was to prevent redundant capital spending by utilities and the continuing siloing, which the RCA referred to as the Balkanization of the state's power sources. He reported that during the hearings it had been said there could be as much as \$1.5 billion in debt assumption taken on due to redundancies. He furthered that the uncontrolled and unplanned spending resulted in increased rates for Alaskans. He asked what aspects of SB 123 Mr. Kubler believed were critical for reigning in the spending. Additionally, he asked what regulations Mr. Kurber was supporting to ensure Alaska's utilities did not launch a second spending spree.

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Mr. Kurber answered that his experience with the process amounted to participation in several public meetings to date. He stated there was a weightiness to the responsibility. He elaborated that the legislature crafted clear and important legislation in the form of SB 123, especially given the truncated session the previous year due to the pandemic. He expressed that he had been involved in several of the public sessions to date. He provided assurance that in his experience, there had been a robust conversation about getting the issue right. He believed there was a high sense of sobriety concerning getting the regulation right for ratepayers and to have an organization that could care for the infrastructure of the state electrical system.

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Representative Josephson referenced the catastrophe that had taken place in Texas in February. He remarked that the state had compared its own effort in the ERO to the Electrical Reliability Council of Texas (ERCOT). He stated that the Texas governor had somehow concluded that renewable energy was to blame for the problem. He asked if Mr. Kurber believed renewable energy was a safe or unsafe investment in Alaska.

Mr. Kurber believed it was a time in history where it was necessary to utilize every possible capacity available. He had witnessed in his own life and short time on the commission that there was no shortage of demand for electric power. He remarked there were a variety of renewable sources including hydro power, which the state was very fortunate to have in abundance for the capacity or capability, which had been mentioned by Representative Edgmon related to the Bradley Lake project. He highlighted solar and wind as renewable energy sources as well. He stated that the kind of situation that had occurred in Texas may not be as likely to happen in Alaska due to its geographic location and the fact that it was prepared for demanding weather scenarios. He stated that renewables were already being used in Alaska and clearly could be of use going forward as a source of power generation.

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Representative Carpenter thanked Mr. Kurber for his service. He asked where the state should focus in regard to being more energy reliant [independence]. He asked about Mr. Kurber's background in working with others, particularly in decision making.

Mr. Kurber answered the second part of the question first. He shared that coming from a military background much of his decision making process involved receiving input from staff/personnel and making decisions based on that input in addition to professional experiences. Based on his experience with RCA thus far, the staff had shown themselves to be a diligent and earnest people, which had allowed him to gain the information he needed to make decisions. He was part of a commission of five other people and the goal was for the commissioners to do their studies and homework and show up for their decision making process called adjudications; or rule making procedures, which was

more of a semi-legislative function. He asked Representative Carpenter to restate his first question.

Representative Carpenter asked what Alaska could do to increase its energy independence.

Mr. Kurber responded that energy had a broad spectrum including wind, solar, oil, natural gas, and coal. He believed SB 123 and RCA's efforts to craft regulations to implement the bill was part of the process. He referenced severe weather events in Texas and Oklahoma. He shared that he had read a news report about a town in Florida with a poisoned water supply. He remarked there were a whole host of issues that needed preparing for. He stated it was his sense that the legislature took seriously the necessity to implement an organization that could monitor efforts to secure critical infrastructure and ensure the state was accessing all measures of power generation to help the rate payers of Alaska to have their energy met in a cost efficient manner.

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Vice-Chair Ortiz thanked Mr. Kurber for his service to the country. He stated that broadband access was an issue in Alaska, particularly in rural areas. He remarked on the fact that the U.S. Supreme Court had ruled broadband utilities could be regulated by entities such as the RCA. He asked what proposals Mr. Kurber would propose to regulate utilities and protect Alaskan consumers.

Mr. Kurber shared that he had personally experienced the issue in engaging with people in his district the past fall. Based on his understanding, he believed the legislature may take the lead and the RCA would respond to the direction. He found it interesting that there was much less in telecommunications the RCA was involved with because of the deregulation of cell phones. He had not been aware until Vice-Chair Ortiz mentioned it that broadband had been deemed a public utility. He stated that if it was the case, it come under the purview of the RCA. He would have to take time to consider the question.

Vice-Chair Ortiz asked what experience Mr. Kurber had working with statute and complex technical dockets.

Mr. Kurber replied that his primary introduction to statutes came from his involvement in law enforcement as an airport police and fire officer. He stated he had to be aware of the statutes as they were performing perhaps one of the most extreme responsibilities in our society, which was depriving people of their liberty as a result of violating the statutes. He had been involved in regulations, particularly the UCMJ [Uniform Code of Military Justice] in terms of administering military justice. He stated that in terms of the technical docket, he was only 31 days in. He was grateful for his education and because it had the impetus in engineering, science, and math it allowed him to develop the questions he hoped he could obtain the answers to in order to make a wise and prudent decision as part of the commission.

1:56:28 PM

Representative Wool thanked Mr. Kurber for his service. He noted that regionality had come up with regard to RCA commission seats. He remarked that there were people in Fairbanks who thought it was great to have someone from Fairbanks on the commission. He noted he had not been familiar with regionality within the RCA. He asked if Mr. Kurber's position was one of the few outside the Southcentral region. He asked if there were other people from rural Alaska or Southeast recently on the commission.

Mr. Kurber responded that he had heard from Commissioner [Robert] Pickett, the current RCA chair from Mat-Su, that he may have been one of the first people outside the Anchorage area. He did not have historical knowledge on the issue. He shared that he was from Fairbanks. He added that Mr. [Stephen] McAlpine had told him he always told people he was from Valdez, although he had lived in Anchorage for several decades. He was very grateful for the opportunity to live in various areas in the state, including Southeast while attending the trooper academy. Additionally, he had traveled through rural Alaska as a member of the National Guard. He believed the other remaining commissioners were from the Anchorage area based on his conversations with Chair Pickett.

Representative Wool asked what unique problems Fairbanks had that were different from South Central and other areas on the Railbelt. He asked what issues were important to Mr. Kurber.

Mr. Kurber answered that he had taken a crash course in electric critical infrastructure. He stated that a large number of electric users lived in Mat-Su and the Anchorage area. He shared that when he had moved to the Mat-Su in 2004, the population had been about 60,000. He had always been proud to say he was from the second largest borough in Alaska. He elaborated that since 2004, the Mat-Su Borough had surpassed Fairbanks in size. He stated that the intertie was critical infrastructure. He had gleaned from his studies of the dockets and filings in support of building a regulatory framework or the implementation of SB 123, suggested the legislature was aware of the importance of safeguarding and implementing organizations to help maintain the integrity of the electrical grid.

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Representative Wool stated that SB 123 had been the final product of many bills that had been introduced dealing with the Balkanization of the state's power grid. He noted that the Railbelt Reliability Council (RRC) had come out of SB 123. He asked if Mr. Kurber was familiar with the concept of an ISO or USO, which had been included in previous bills.

Mr. Kurber answered that he did not have an answer at the time.

Representative Wool explained that ISO and USO stood for Independent System Operator and Unified System Operator, respectively. He detailed that with an ISO and USO there would be an independent entity running the grid that controlled electrical flow within the grid for the best economic results. He clarified that an independent group would determine where the electricity came from and where it went. He relayed that a lot of the legislation came immediately prior to SB 123. He asked if Mr. Kurber was familiar with the concepts of wheeling charges or pancaking.

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Co-Chair Merrick noted the audio connection with Mr. Kurber had disconnected.

Mr. Kurber had regained his connection to the meeting.

Representative Wool reiterated his statement about ISOs and USOs. He asked if Mr. Kurber was familiar with wheeling charges or pancaking.

Mr. Kurber replied that he was not familiar with the concepts.

Representative Wool believed Mr. Kurber would become familiar with the concepts as they important in the power transmission sector. He referenced Mr. Kurber's Bachelor of Sciences degree from the U.S. Military Academy in 1981. He asked for verification Mr. Kurber did not have a major associated with the degree.

Mr. Kurber agreed and explained that at the time of his degree, West Point did not grant majors. He added that the school now granted majors and his son had received his degree 30 years after his own. He shared that for over 150 years, West Point had a very proscribed curriculum. He detailed that if a person was admitted with a four-year college degree, they were required to take the classes given to them. He explained the goal was to produce what at the time was considered a liberal arts curriculum. In addition to the natural sciences, the program had been heavily weighted to applied sciences including engineering and math. He shared that 75 out of 148.5 credits in his degree were in math, science, or engineering. He noted he had 19 credits in math, which he believed would equate to a minor.

Representative Wool asked if Mr. Kurber had any classes in electricity and magnetism or electron current analysis.

Mr. Kurber answered that he had taken two semesters of college level physics as a sophomore. Additionally, he had taken a 4.5 credit class his junior year on electrical engineering. He shared a mnemonic used to remember electrical engineering concepts. He was grateful for his exposure to electrical engineering that helped him understand concepts such as load and demand.

[2:07:07 PM](#)

Co-Chair Merrick OPENED public testimony on the appointment of Mr. Kurber to the RCA. Co-Chair Merrick CLOSED public testimony. She thanked Mr. Kurber for his public service.

2:07:49 PM

Co-Chair Merrick welcomed Mr. Robert Pickett to the meeting and noted he had served on the RCA since 2008.

ROBERT PICKETT, GOVERNOR'S APPOINTEE, REGULATORY COMMISSION OF ALASKA (via teleconference), shared that he had been a commissioner since 2008 and was the current chair of the RCA. He provided information on his background. He was born and raised in Boise, Idaho and graduated from the University of Idaho in 1973. After graduation he moved to Washington D.C. to serve as the legislative director of the National Student Lobby, which focused on higher education financial issues.

Mr. Pickett had moved to Alaska in 1975 to pay off his student loans. He shared that he had lived in the Mat-Su Borough since 1985 and had been fortunate to work in all areas of the state. He elaborated that he had been a surveyor for the U.S. Forest Service in the Sitka ranger district. He had worked for the Department of Transportation and Public Facilities, Division of Highways during the construction of the Trans-Alaska Pipeline System (TAPS) in the Valdez, Copper River Valley. He had been an independent contractor in the real estate industry in Southcentral. Additionally, for 21 years he had worked for Alaska Housing Finance Corporation (AHFC) in many roles throughout the state. He had served as an RCA commissioner for the past 14 years and as chair for 8 of the years. He thanked the committee for its consideration.

Representative Rasmussen asked Mr. Pickett to highlight some of the accomplishments the commission had taken under his leadership and tenure.

Mr. Pickett answered that when he came on as commissioner in 2008 the commission had not approved a natural gas sales agreement for any of the utilities in Southcentral Alaska. He relayed that at the time, the commission had just come out of an emergency proceeding for Fairbanks natural gas and the dire prospect of running out of natural gas within four to five days. He shared that during his first couple

of years, the commission had gotten the immediate contracts underway. He was on the commission when Hilcorp had replaced the legacy companies in Cook Inlet that had wanted out of the state. He noted the transition had its challenges and associated with the transition, the RCA had worked cooperatively with the legislature to certificate Cook Inlet natural gas storage as a utility, which had been helpful for Enstar and the major electric generation utilities in Southcentral.

Mr. Pickett shared that he had seen the Balkanization in 2015. He reported there had been what he characterized as insane fights between the Railbelt utilities and unnecessary litigation expenses. He detailed that individual investment decisions totaled a minimum of \$1.5 billion. He explained that the way Alaska statutes were written, when a coop made that kind of investment, as long as it was presumed to be prudent, the debt service would go into rates automatically and there was not much the RCA could say about it. He shared there had been a prudence case involving Anchorage Municipal Light and Power (ML&P) that had been frustrating, but it had helped set the stage for the acquisition of the ML&P assets by Chugach Electric. He noted the fairly substantial proceeding had concluded the past year.

Mr. Pickett informed the committee that in 2014, the legislature had directed the RCA to evaluate all possible structures for the Railbelt electric system because it had tired of hearing conflicting stories from the utilities. The commission had taken a year to develop five findings and five recommendations. He detailed that the underlying belief had been rather than a top down direction to the utilities, it made more sense to give a voluntary effort as the starting point. The RCA had given the report to the legislature in 2015 and over a three and a half to four year period, a variety of examinations of USOs, ISOs, and TRANSCOs [transmission companies] were run aground. He explained that SB 123 had come up with a slightly scaled back and doable approach. The commission had been directed by the legislature to oversee a process to create an electric reliability organization, integrated resource planning, and reliability standards because Alaska was not subject to the Federal Energy Regulatory Commission (FERC) or the North American Electric Reliability Corporation (NERC). He remarked that as seen in the catastrophe in Texas, total voluntarism and lack of standards could have

bad results. He concluded the outline of his activities throughout his time on the RCA.

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Representative Wool asked if Mr. Pickett foresaw an ISO or USO in charge of the Railbelt grid.

Mr. Pickett answered that it was not totally off the table. He shared that the USO concept had been examined in depth. One of the challenges was the small market in Alaska. Additionally, Alaska was not considered a restructured state in terms of market structure, meaning the state had vertically integrated utilities with the majority being coops, which added another level of governance. He could envision a TRANSCO emerging, assuming the ERO [electric reliability organization] looked at the issue once it got its feet on the ground. He explained that one of the current challenges with transmission assets crossing a number of different CPCNs [Certificate of Public Convenience and Necessity] or service areas of the individual utilities was that there was institutional mechanism in place to allocate cost at present. He stated it was not possible to completely rule out the USO, but it was unlikely to happen in the near future.

Representative LeBon thanked Mr. Pickett for his past service to the commission. He asked if there was a future in some type of connective between Copper Valley Electrical Utility and Golden Valley Electrical Association up the Richardson Highway. He asked if it was an important step in the system's long-term reliability.

Mr. Pickett answered that it could have an impact on reliability, particularly for the Copper River area and in the southern parts of Golden Valley with Fort Greely. He stated it would be a matter of economics and how the work would be paid for.

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Representative LeBon agreed it was an economics question. He asked if Mr. Pickett had ever heard of any discussions that may have taken place with the U.S. Army regarding connectivity. He asked if there was any potential avenue for support from the federal government via the Army.

Mr. Pickett answered that he would like to think the federal government could perhaps consider it; however, he was not a mind reader when it came to operation of the federal government.

Vice-Chair Ortiz stated that having access to affordable broadband capabilities continued to be an issue, particularly in rural Alaska. He explained that the situation had ramifications for education, business, basic communication and other. He asked what proposals Mr. Pickett would put forward to regulate utilities and protect Alaskan consumers now that the [U.S.] Supreme Court had ruled that broad band utilities could be regulated by utilities such as the RCA.

Mr. Pickett answered that telecommunications and broadband in particular had been a very challenging arena for the RCA. He elaborated that the legislature passed a telecom deregulation bill several years earlier. He believed at that time, broadband expansion had been driven by Federal Communications Commission dollars and special grants. He explained that in rural Alaska it was very difficult to make projects pencil out. He explained that the commission had direct authority over one component called the Alaska Universal Service Fund (AUSF), which was up for a sunset review starting later in the summer. He elaborated that if it could be properly targeted, it could be a way to encourage expansion of broadband in certain circumstances. He shared that at the peak, the AUSF totaled \$25 million to \$30 million. He expounded that the AUSF was funded through a tax on landline and some cellular bills. He stated the funding source would need to be looked at. He had been frustrated with the AUSF program in the past because there had not been the ability for the commission to get into focus on particular things or on fundamental accountability. He reported the areas would be focused on during the sunset review process.

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Representative Johnson referenced Mr. Pickett's training in cybersecurity. She asked for an overview of some of the cyber vulnerabilities that existed within the power grid and any of the utilities.

Mr. Pickett answered that it had been a personal area of great concern since a Ukrainian event in 2015. He shared

that he had become acquainted with two of the principal U.S. investigators sent to the Ukraine. He detailed that the RCA had brought one of the investigators to Anchorage about three years back. He explained that at the time the RCA did not have the time to direct the utilities to do much of anything in the area, but on a voluntary basis it had gotten the utilities to agree to participate in a safeguard review with the Department of Homeland Security and a component of FERC. He noted that although RCA was not FERC jurisdictional, there had been concern largely because of the Department of Defense exposure. He stated that cybersecurity was a moving target, and it was a process every utility and business had to see the ERO come into existence to get on a cooperative basis, perhaps a security operations center with electrical utilities and the local gas company down the road. He explained it could allow for the assessment of threats and understanding that threats were not only a network issue, but an information technology and operational technology issue. He thought it seemed to be where the ball was dropped nation and worldwide.

[2:23:16 PM](#)

Co-Chair Merrick OPENED and CLOSED public testimony. She thanked Mr. Pickett for his service. She moved to appointees for the Alaska Mental Health Trust Authority (AMHTA) Board of Trustees. She stated that the board worked to administer the trust established under the Alaska Mental Health Enabling Act of 1956 and coordinate with other state agencies involved in mental health service programs throughout Alaska. The committee would first hear from Ms. Rhonda Boyles who was first appointed to the board in April 2020.

^CONSIDERATION OF GOVERNOR'S APPOINTEES: ALASKA MENTAL HEALTH TRUST AUTHORITY BOARD OF TRUSTEES: RHONDA BOYLES, BRENT FISHER, ANITA HALTERMAN, ANNETTE GWALTHNEY-JONES

[2:23:49 PM](#)

RHONDA BOYLES, GOVERNOR'S APPOINTEE, ALASKA MENTAL HEALTH TRUST AUTHORITY (via teleconference), briefly highlighted her professional background in business, nursing, politics, and volunteering. She shared that she had lived in Interior Alaska for 44 years. She relayed that three years back she had brought her husband to Phoenix due to his diagnosis

with a very difficult form of dementia called diffuse Lewy body. Her husband had passed away two years back and she had returned to Alaska and purchased a townhouse in Anchorage. She was proud of her 44 years of history in the Interior.

Ms. Boyles shared that she had served as mayor of the Fairbanks North Star Borough and had owned several Wendy's restaurants. Subsequently she had worked for four years as a nurse in the Pioneer Home where she had also learned the needed skills to care for her husband. She had worked many years for the late U.S. Senator Ted Stevens and current U.S. Representative Don Young. She was retired and had been serving one year as a trustee for the AMHTA Board of Trustees. She reported that the role was the equivalent of a part-time job. She shared that she was pleased to be able to touch part of the state's population that was too large, too underserved, and often very ill. She remarked that she always felt she was drinking from a water hose during each meeting. She stated that the work was fulfilling, and she was extremely grateful for the opportunity.

Co-Chair Merrick expressed condolences for the loss of Ms. Boyles' husband.

[2:28:16 PM](#)

Representative Josephson asked if Ms. Boyles was currently on the board.

Ms. Boyles answered that she had been confirmed the past year and had gotten caught up in the reconfirmation issue because of the emergency declaration. She underscored she was not whining about the need to go through the process again.

Representative Josephson referenced Ms. Boyles' statement that she had been confirmed. He asked for verification that she had previously been interviewed by committees but there had been no confirmation vote.

Ms. Boyles answered that technically there had been a vote, which had been part of the emergency declaration when the legislature adjourned. She believed there had been 90 appointees caught in the situation. She had gone through four committee hearings in 2020 and the current hearing was her third in 2021.

Vice-Chair Ortiz asked what Ms. Boyles saw as some of the biggest challenges facing AMHTA in terms of the ability to fulfill its duties.

Ms. Boyles replied that the organization had an excellent administrative staff. There were myriad boards and commissions within AMHTA. She reported that COVID had been the largest challenge in the past year. She explained it was much more productive to sit in the room and listen to reports in person. She elaborated it was more difficult making decisions over Zoom. She detailed that the trust was extremely active in its work. The board served many people who were underserved, and the group was not getting any smaller.

2:31:14 PM

Representative LeBon thanked Ms. Boyles for her service to AMHTA. He shared that he had known Ms. Boyles for over 30 years through his banking days and she had served as borough mayor when he had been on the school board. He could not imagine anyone who was better qualified and equipped to serve.

Representative Thompson shared that he had been mayor of the City of Fairbanks when Ms. Boyles had served as mayor of the North Star Borough. He had known Ms. Boyles for over 30 years and reported that she dedicated herself completely to anything she took on. He believed she was an excellent choice for the board.

Representative Josephson referenced the administration's budget proposal to spend \$16 million in AMHTA reserves - not authorized by the board - to fund programs identified by the administration. He highlighted that Mr. Mike Abbott [Chief Executive Officer, Alaska Mental Health Trust Authority] had testified a number of times that the situation had never occurred previously. He did not know whether the issue could result in a lawsuit. He asked if Ms. Boyles had a position on the proposal to give up \$16 million in reserves.

Ms. Boyles replied that she spoke as one member. She shared that she had spent a significant amount of time on the issue. She referenced a 1984 lawsuit where it had been determined the state had breached its fiduciary



responsibilities and after 10 years of litigation the courts had awarded the trust \$200 million and 100 million acres. She reported that at present the amount was \$700 million. She stressed the extremely serious responsibility trustees had in the administering of the trust. She elaborated it had been clear to her when reading the history of the lawsuit and talking with other long-serving trust members, specifically Loraine Derr, the trustees had an obligation to manage the cash and non-cash assets for the benefit of existing and future beneficiaries. She stated that regardless of what an attorney looked at, it was specific that the trustees had been given a duty.

Ms. Boyles thought it was sad if the administration wanted to take the money. She explained that the administration could have presented a request to the board through the normal process that would have allowed trustees to talk it over and decide whether the request would benefit many trustees or only a few. She explained that the board looked at everything very carefully. She relayed that the administrative request had been a surprise to all of the board members, and she personally was saddened it had not gone through the correct process. She stated that without the correct process, the trustees may be compromised if the board said yes or no.

[2:36:25 PM](#)

Co-Chair Merrick OPENED and CLOSED public testimony.

Co-Chair Merrick thanked Ms. Boyles for her willingness to serve.

Ms. Boyles thanked the committee.

[2:37:09 PM](#)

Co-Chair Merrick welcomed Mr. Brent Fisher who had been appointed to the AMHTA Board of Trustees in January 2021.

BRENT FISHER, GOVERNOR'S APPOINTEE, ALASKA MENTAL HEALTH TRUST AUTHORITY (via teleconference), provided information on his personal background. He was a veteran of the U.S. Army Medical Service Corps and had started his military career after college. He had a bachelor's degree from Brigham Young University with a double major in international relations and Portuguese in addition to a

Master's in Business Administration from the University of Texas at Austin with specialties in international, strategic, and healthcare management. He was board certified in hospital and medical group management and had been elected a fellow in the American College of Healthcare Executives and the American College of Medical Practice Executives.

Mr. Fisher shared that his career had been primarily associated with healthcare; however, it included a wide variety of associations including hospitals, large medical groups, hospice care, engineering and manufacturing of medical devices and pharmaceuticals, software development, consulting, military medicine, and private equity and startup ventures. He highlighted that his writings had been published in journals, trade magazines, and newspapers. He was a big believer in giving back to the community. He reported that he had served on the board of directors of several professional associations, civic, business, and religious organizations. He was grateful for the opportunity the governor had given him to serve as a trustee for the AMHTA.

Co-Chair Merrick thanked Mr. Fisher for his service to the country.

Representative Josephson stated that the administration had a budget that required \$16 million in three total appropriations would be drawn from AMHTA reserves and spent where it wished. He believed the appropriation would go to the Alaska Psychiatric Institute (API) for the FY 22 budget. He asked Mr. Fisher's position on the administration using reserves on regular operating budget functions.

Mr. Fisher answered that there had been significant discussion on the issue by the board. He stated that the 1994 settlement had stipulated how the executive and legislative branches should work with trustees and the AMHTA. He discussed that the board had been set up specifically as an independent group of trustees because of abuses that took place before that time. He believed the 1994 settlement stipulations should be followed. He stated there had been plenty of opportunity for the legislature and executive branch to work collaboratively through that process over the years. He believed they could continue to do so. He shared his position that as an independent board

of trustees, their responsibility was to protect the trust for current and future beneficiaries.

2:41:47 PM

Representative Rasmussen thanked Mr. Fisher for his willingness to serve on AMHTA. She shared that she had numerous discussions with Mr. Fisher over the past couple of years and she believed his background was valuable. She supported his appointment.

Co-Chair Merrick OPENED and CLOSED public testimony.

Co-Chair Merrick thanked Mr. Fisher for his willingness to serve.

2:42:47 PM

Co-Chair Merrick welcomed Ms. Annette Gwalthney-Jones who had been appointed to the AMHTA Board of Trustees in October 2020.

ANNETTE GWALTHNEY-JONES, GOVERNOR'S APPOINTEE, ALASKA MENTAL HEALTH TRUST AUTHORITY (via teleconference), provided information on her personal background. She reported a key value given to her by her parents was giving back to the community. She shared that she had more than 25 years of managerial experience and leadership in human resources and social services. Her career background included program work and development within many trust beneficiary serving organizations in the Anchorage area including The Arc of Anchorage, Salvation Army, Covenant House, and other. She had a Master's in business organizational management with dual emphasis in human resources and information technology. She had two undergraduate degrees in psychology and human services.

Ms. Gwalthney-Jones detailed that in 1992 she had become a state and nationally certified emergency medical technician and a certified instructor in basic lifesaving. She became a part of the Alaska Professional Volunteers, a group of first responders. She shared that she was a court appointed special advocate volunteer. She had also been a foster parent. She provided detail about her personal family life. She elaborated that in 2002 her husband was deployed, and she had been appointed as the key spouse of the 18th Air Support Operations Group. She explained that the program

was an official Air Force family readiness program designed to enhance readiness and personal and family resiliency. The group served as a vital resource to support command teams and Air Force families.

2:46:47 PM

Ms. Gwaltney-Jones continued to review her background. She provided more detail about the program. She shared that she had worked in a staff development position at the University of North Carolina in Pembroke. She and her husband had moved to Nebraska where she had worked as a human resources manager overseeing recruitment teams. Later she had worked to help veterans transitioning from military to civilian worlds. She and her husband had returned to Alaska in 2014. She highlighted her additional work in human resources and as a volunteer. She believed her work in human resources and other would be valuable to the work as a trustee. She began her appointment in September 2020. She shared that she was committed to the time commitment and would offer her skills to the board. She would work with fellow trustees to improve the lives and circumstances of beneficiaries. She highlighted her duty to care ethos that was at the heart of all of her work. She would be honored to continue her work on the board.

2:49:44 PM

Representative Josephson stated that the administration had a budget that required \$16 million and three total appropriations would be drawn from AMHTA reserves. He asked Ms. Gwaltney-Jones' opinion on using the reserves on the budget. He asked if she believed the administration was within its authority to do what it wanted.

Ms. Gwaltney-Jones answered in the negative. She shared that her background was in human resources. She stated human resources was about laws, compliance, processes, and procedures. She firmly believed processes and procedures were put in place for a good reason and needed to be followed until changed. She stressed that if the policies and procedures were disliked, it was necessary to go about the appropriate path to change them. She remarked that taking funding from AMHTA reserves was not the norm and could be a slippery slope. She feared allowing the use of the reserves under the proposed method would set an unhealthy precedent. She emphasized that trustees had a

fiduciary responsibility to protect and enhance the trust assets in perpetuity for all beneficiaries. She stressed that it was not the time to make any changes. She believed there would be an increased need in the years to come due to COVID.

2:52:00 PM

Co-Chair Merrick OPENED and CLOSED public testimony.

Co-Chair Merrick thanked Ms. Gwalthney-Jones for her service.

2:52:37 PM

Co-Chair Merrick welcomed Ms. Anita Halterman who was appointed to the AMHTA Board of Trustees in August 2019.

ANITA HALTERMAN, GOVERNOR'S APPOINTEE, ALASKA MENTAL HEALTH TRUST AUTHORITY (via teleconference), provided information on her background. She shared that she had been married for over 36 and had raised their family in Alaska. She was happy to be considered for renewal to her appointment to the AMHTA Board of Trustees. She began serving on the board in August of 2019 and served as chair of Audit and Risk Committee and finance chair in 2020. She shared that she had been anxiously awaiting her confirmation.

Ms. Halterman stated that her service on the board had expanded her knowledge of the mental health needs, budget, and many programs offered throughout Alaska. She enjoyed giving back to her community and had learned new strategies and funding opportunities that could help shape meaningful reform for the state's mental health program. She highlighted her brief tenure working for the legislature during the 29th Alaska legislative session. She looked forward to meeting with legislators she had not yet had the opportunity to meet. She read from prepared remarks:

For those of you that don't know me, I first arrived in Alaska in the 1980s after discharging from the United States Army and I followed my husband who was active duty and stationed at Fort Greely and Delta Junction. We raised our eldest daughter there during the first few years of her life and fell in love with Alaska. While we watched the economy suffer, and had to leave Alaska for a brief time, we came back as soon

as we were able, and we've lived in Eagle River for over 26 years since moving back.

I earned my MBA from Wayland Baptist University in Anchorage and I have an extensive background working mainly within the Department of Health and Social Services Medicaid program for both Iowa and Alaska. Spending my last seven years working within the Department of Health and Social Services Senior and Disability Services program mediating administrative appeals and serving as a program manager and a supervisor. I also have experience working with child support, the Department of Corrections, public safety and public assistance programs.

I have worked for the State of Alaska for about 20 years. I have worked through welfare reform initiatives in two states and helped kick off Alaska's first food stamp reinvestment plan after the Alaska Department of Health and Social Services program had been sanctioned for high error rates in the 1990s. I trained staff on regulations, program and policy in the welfare offices in and throughout Alaska, developing programs and reducing error rates.

I have devoted my life's work to working with populations that are underserved and I find it rewarding to improve the programs and systems that they utilize in order to provide the provision of services to the beneficiaries of those programs.

After leaving the Alaska Legislature, I started my own consulting business, joining the ranks of the private sector. I obtained licenses as an insurance producer with lines of authority for accidents in Alaska, health and life and with lines of authority for Washington with life and disability. I also began working with an information technology company in 2019 working as an account executive for a media production company in 2020.

[2:56:37 PM](#)

Ms. Halterman continued reviewing her background with prepared remarks:

Positioning risk management and human resource solutions for businesses has given me a new perspective about the healthcare needs for privately insured individuals and it has expanded my understanding of more global workforce issues that Alaska faces as we move forward.

I very much hope to take my experiences and help reform the program for the future so that we can sustain them for our populations that need them most. I look forward to continuing to work to improve the lives of the trust beneficiaries as we work in partnership with the Department of Health and Social Services and other stakeholders, to build that comprehensive mental health program that better meets our trust beneficiaries' needs. I want to thank you all for your consideration. I appreciate your support and I look forward to working with all of you to protect the trust and maximize the benefits to solve Alaska's mental health problems.

Co-Chair Merrick thanked Ms. Halterman for her service.

Representative Josephson was impressed by Ms. Halterman's resume. He stated that the administration had a budget that required \$16 million and three total appropriations would be drawn from AMHTA reserves for FY 21 and FY 22. He asked Ms. Halterman's opinion on using the reserves on the budget.

Ms. Halterman answered that AMHTA had issued a letter on January 26, and she stood behind the position expressed in the letter. She pointed out that the issue raised an awareness for the trust to increase its stakeholder engagement and cooperation with stakeholders. She believed the situation brought to light an awareness that the trust's governance rules needed to be reviewed and there needed to be a public process in order for everyone legally responsible for trust beneficiaries to understand the rights and responsibilities of the board.

Co-Chair Merrick OPENED and CLOSED public testimony.

Co-Chair Merrick thanked Ms. Halterman for her service.

^CONSIDERATION OF GOVERNOR'S APPOINTEES: TREG TAYLOR,  
ATTORNEY GENERAL, DEPARTMENT OF LAW

2:59:34 PM

TREG TAYLOR, GOVERNOR'S APPOINTEE, ATTORNEY GENERAL (via teleconference), introduced himself and was honored to be considered for the position. He read from prepared remarks:

I grew up in southern Alberta, Canada. For several years my family lived on the First Nations Blood Indian Reservation, the largest First Nations reservation in Canada, as both my parents were schoolteachers in the reservation's school district. We later moved to a small community next to the reservation and my parents continued to teach. While I never became conversant in Blackfoot language because my Native friends only spoke English, my little sister's first words and sentences were in Blackfoot. I have fond memories of the reservation gatherings and eating, dancing, and singing at the pow wows. I learned a deep respect for their culture and traditions. I was even given the name of Dirty Moccasin because of my habit of running around covered in dirt.

I have always been drawn to public service and growing up my dream was to fly fighters for the U.S. Air Force. I know that's somewhat of an odd dream for a young Canadian kid, but my hero and my role model was my grandfather, who had flown bombers in the U.S. Army Air Corp during World War II. Coincidentally, he was stationed twice in Anchorage after the war. Once doing cold weather testing of the B-29 bomber and once in his later work as an attorney for the U.S. State Department.

My father was a boy when my grandpa was stationed in Alaska. He has vivid memories of selling newspapers along Forth Avenue and looking for fossils on Government Hill. From my grandfather, I knew that to live my dream I would need stellar grades and excellence in my extracurricular activities. I went to work. That dream kept me out of a lot of trouble growing up. After my parents divorced, I moved to Iowa with my mom during my middle school years and my first year of high school. I finished high school in Utah and applied to and was accepted to the United States Air Force Academy. I was ecstatic. I was so close to



living my dream. My first year was predictably difficult, although looking back some of the fondest memories I have occurred during that first hard year. Near the end of the academic year my class was finally what we call recognized, meaning we were finally treated as equals who deserved to be at the academy. The second year was largely thought to be the hardest academic year because you start your core required courses.

The academy allows cadets after their second year to serve religious missions. I opted to serve a mission for my church along with 28 other cadets. I was assigned to labor and serve in the Canary Islands, which is a Spanish island about 40 miles off the coast of Morocco. Like my time on the First Nations Blood Indian reservation, during those two years on the island, I learned to love a people and a culture different than my own. I also found great joy in serving others. Near the end of my mission, I reapplied into the academy and was accepted back. They sent me a one-page document that I needed to sign and send in to accept my reappointment. I went to sign it and couldn't. For two weeks I tried to sign that document, I wanted so badly to return to the academy. I absolutely loved my time there and I was so close to living my dream of flying fighters and serving my country.

[3:03:37 PM](#)

Mr. Taylor continued to read from prepared remarks:

It was a hard two weeks. I felt guilty because here I was supposed to be serving the people of the Canary Islands and all I could think about was this decision. I couldn't sleep, I was miserable. One morning, exhausted, I fell to my knees in frustratedly declared to God, "Fine, I'll do what you want me to do." I didn't know why, but I knew immediately what I was supposed to do, and the academy was not part of that plan. Within a few weeks of returning home, I found out one very good reason why. That's when I met my wife, Jodi. When we first met, I was very interested in getting to know her better; however, she wasn't at all interested in getting to know me. Twenty-two years of marriage later I still strive each day to convince

her that she made a good choice. You'll have to ask Jodi how I am doing. We now have six children. Five girls, Quincy, London, Romy, Roxie, and Callie; and one boy, Gage. Our oldest daughter is now married and attending BYU. Her apartment just blocks from the hospital where she was born while Jodi and I were in our undergrad and our youngest is ten months old, cute as a whistle and crawling around the house.

After we were married, Jodi and I worked several summers in Alaska to put ourselves through school and I had fallen in love with her home state. Near the end of law school, I asked Jodi where she wanted me to look for permanent work. She replied, "Anywhere but Alaska." She had lived in Alaska her whole life and wanted to experience something new. We identified a few cities we'd like to live, and I earnestly began looking for work; however, a few months later, nothing seemed to be working out. We decided we needed to expand my search to additional cities and made it a matter of prayer. A few days later, I came home, and she announced that she knew where I was supposed to look. She explained that that whole day she couldn't keep a certain song out of her head. She then sang, "Eight stars of gold on a field of blue, Alaska's flag may it mean to you." I couldn't have been happier.

As it was, we were already returning to Alaska a few weeks later to attend her sister's wedding. At the reception I met a gentleman who indicated that he thought a firm he worked with might be looking for a new attorney. I reached out to the firm the next day and within two hours was sitting in an interview. They offered me the position on the spot.

3:06:08 PM

Mr. Taylor continued to read from prepared remarks:

Jodi and Quincy stayed in Alaska while I returned for finals and then drove up the Alcan in our Hyundai Elantra that luckily fit everything Jodi and I owned. At Delisio, Moran, Geraghty, and Zobel I primarily worked with Mike Geraghty who eventually became this state's attorney general. My practice largely consisted of business litigation, defense. During my time there we represented the state, the Municipality

of Anchorage, energy companies, and many other Alaska businesses. About five years after beginning at Delisio, I received a call from McKinley Capital Management to see if I was interested in coming to work in-house. That appealed to me as I'd played team sports through college, and I wanted to work in more of a team atmosphere with a common goal of growing and strengthening a company. I always felt like I was a hired gun at the law firm.

During my time at McKinley, we entered the Great Recession and one of my primary responsibilities was to help the company navigate the rapidly changing investment management regulatory schemes throughout the world.

I next accepted a position as senior corporate counsel at ASRC Energy Services, where I acted as in-house counsel for about eight oil and gas service companies. During that time the price of oil plunged, and I helped these companies through this very difficult time. After about five years at ASRC Energy Services, the governor asked me to serve as the deputy attorney general over the Civil Division. I have now been with the attorney general's office for a little over two years.

My wife and I have made it a priority to be involved in and to serve the community. We have had many wonderful experiences as a family doing so, and as we have served, we have become keenly aware of some of the issues facing Alaska families. Highlights of what I have learned include the following. Jodi and I helped bring up the Living Legends, a Native American, Polynesian, and Hispanic origin dance group, to the Performing Arts Center, and provided a free concert to local school children including students from the Alaska Native Charter School and the Alaska Military Youth Academy. The director of the youth academy later told us that the event was very powerful for the minority cadets and that some of them had expressed to him that it was the first time that they had felt proud of their minority heritage. That was a shocking revelation for Jodi and me and is one area I intend to address at every opportunity I have.

Another example of what I learned is after going through it with our oldest daughter is the ACT prep courses. ACT prep classes, due to cost, were outside the realm of many Alaskan families. We helped organize a free multi-day ACT prep camp with an emphasis on inviting minority students including Alaska Natives. It is amazing what a few extra points on the ACT can do for opportunities and scholarships. What I learned was that businesses, community organizations, and individuals are ready and willing to help in an effort to fill this and other needs in our community. For example, when we asked an Alaska business to donate one day's lunch they said no, they wanted to donate all of the needed lunches.

Another time, we helped organize a food drive that ended in a community event at the Shiloh Baptist Church. One booth we helped with told the survivor stories of many Alaskans who have been sexually assaulted. Some of whom expressed that this was the first time they had felt heard and validated. From this experience I learned the importance of being heard in the healing process for survivors of sex crimes.

[3:10:08 PM](#)

Mr. Taylor continued to read from prepared remarks:

Finally, my wife and I also helped organize and participate in a group made up of LGBT community leaders and religious leaders from various denominations to address several issues. For well over a year, we met regularly to work on these issues. I learned from this experience that individuals from very different backgrounds and sometimes preconceived notions can work together for a common good but that it takes time and effort. But mostly, it takes listening.

At the end of January when the governor asked if I'd be willing to serve as the state's next attorney general, my first thoughts turned to Alaska's ignominious ranking as the worst state for sex crimes. I think many of you have seen this slide presented by the Criminal Division [copy not on file] that shows that not only does Alaska have the highest rate of sex

crimes, our rate is almost double that of the next state Arkansas. I see this slide in my mind every day and I am determined to do everything within my power to address this epidemic in our state. If I don't use the full authority of this office to seek out and find justice for victims of sex crimes, then I will have failed to do my duty and failed the people of this great state. I truly believe that until this scourge is rooted out and our mothers, wives, sisters, and children feel protected and safe, we are hobbled as a state. I am under no illusions that this is an easy problem to address, and I know that many efforts have been made in the past and are ongoing, but I know that I must try. If my attempts fail, I will keep going back to the drawing board and I will try again. Jodi constantly reminds our children to lift where they stand, and they can make the world a better place. I promise you, as the attorney general, I will lift where I stand to make Alaska a better place for all Alaskans. Thank you.

[3:12:01 PM](#)

Co-Chair Merrick thanked Mr. Taylor for his remarks.

Co-Chair Merrick OPENED public testimony.

[3:12:26 PM](#)

BARRY JACKSON, SELF, ANCHORAGE (via teleconference), shared that he was a retired state employee and had served as a procurement officer for over 30 years. He highlighted that in 1988, the Alaska Supreme Court issued a judgement in the case of McBirney and Associates v. the State of Alaska. He quoted from the court ruling:

The result in this case turns on the conclusion that McBirney's interaction with Governor Sheffield's office clearly violated the principles of the competitive bidding process. In this case, the process was not conducted with as much fairness, certainty, publicity, and absolute impartiality as any proceeding requiring the exercise of quasi-judicial authority.

Mr. Jackson opposed Mr. Taylor's confirmation as attorney general. He stated that in at least one instance, Mr. Taylor had failed to properly investigate a no bid, sole

source contract between Clark Penney and the Alaska Industrial Development and Export Authority (AIDEA). He detailed that the procurement had been aimed at giving a lucrative contract to a one month old company favored by the current governor's office. He continued that when the publicly reported improprieties stacked up and made it unavoidable, the governor had promised a deep dive investigation of the contract.

Mr. Jackson stated that Mr. Taylor had been given the responsibility of conducting the investigation. He remarked that after Mr. Taylor applied a year's worth of investigation, he produced a two paragraph conclusion that nothing was wrong. He stated that he had personally done his own deep dive, which resulted in 64 pages of compelling evidence there was a substantial and collaborative degree of corruption between the governor's office, the Department of Commerce, Community and Economic Development, and AIDEA. He highlighted that Mr. Taylor had access to the best investigative resources the state had, yet found nothing wrong. He believed the conclusion could only be taken as a whitewashed coverup to protect the governor's office. He asserted Mr. Taylor had failed in his duty to uncover and prosecute corruption.

[3:14:52 PM](#)

ANDREE MCLEOD, ALASKA PUBLIC INTEREST RESEARCH GROUP, ANCHORAGE (via teleconference), stated that Mr. Taylor's first couple of months in office had already raised alarms. She remarked that statements made by Mr. Taylor to the judiciary committee made it clear that he should not be confirmed as attorney general because of his insistence to misconstrue Alaska's laws, violate the public trust and interest, and betray the people of Alaska. She referenced copies of public interest determination waivers in members' packets, which established how former employees had traditionally handled the waivers. She stated the information showed that former officials took to heart their oath to do right by the public and follow laws. She furthered that former officials knew that appearances of conflicts of interest existed and took them seriously. She stated the officials had known the reason for the waiting periods because they read, understood, and respected the law.

Ms. McLeod stated that the laws were clear and simple and prohibited some activities of certain employees who left state service, especially ones who worked in the governor's office. She explained that law mandated restrictions to represent, advise, or assist a person for compensation regarding matters related to their state duties. She detailed that a transparent, written process was available to waive the restrictions. She noted that statements regarding the Ben Stevens jump from the governor's office to ConocoPhillips revealed that either Mr. Taylor did not understand the laws or that he had chosen to contradict them. She stated that when Mr. Taylor had been questioned about the nonexistence of a written waiver, Mr. Taylor had insisted it was unnecessary until such a time when Mr. Stevens thought he had a conflict of interest, at which time, he would contact the state to request a waiver. She stated that the logic was ludicrous and laughable, if not for its significance as it enabled corruption. She believed Alaskans deserved better than an attorney general who conducted business via oral conversations through back channels and other illegal procedures, rules, and regulations that lacked transparency and accountability. She asked the committee to not confirm Mr. Taylor.

[3:17:24 PM](#)

Co-Chair Merrick CLOSED public testimony.

Representative Rasmussen shared that she had gone to church with Mr. Taylor's in-laws. She had found Mr. Taylor to have high morals and ethics. She thought he had inherited baggage from the previous attorney general who was no longer employed by the state. She shared a common interest in the desire to see some changes to the way the state handled some of the sexual assault and domestic violence cases. She asked Mr. Taylor to expand on his long-term plan related to the issue.

Mr. Taylor responded that there were certain things he could do automatically within the Department of Law (DOL) and things that involved other departments and approvals. He addressed some of the things done in DOL. The department was implementing an annual district attorneys training on domestic violence and sexual assault. Additionally, the department had created a new position to train prosecutors in sexual assault. The department had two additional prosecutors with federal funds to serve rural communities;

one of their duties would be to work on sex crimes. He highlighted that the proposed budget requested ten additional prosecutors and nine support staff to address the epidemic in Alaska. He noted the problem could not be eliminated through prosecution. He remarked that the issue was a large multifaceted societal problem that would take a lot of efforts from many areas. He explained that current prosecutors had caseloads of 60 to 70, which was an enormous workload. He used sex crimes as an example and estimated that 30 cases would account for well over 40 hours of work per week. The idea behind the request for additional prosecutors and support staff was to reduce the caseloads down to a target of 47. He explained that the lower number would enable prosecutors to keep track of their cases.

Mr. Taylor detailed that when prosecutors needed more information, they sometimes had to reach out to law enforcement. He remarked that law enforcement was also extremely busy and sometimes the request for more information may be missed or take time to receive a response. He elaborated that in the meantime a prosecutor went to work on their remaining 67 cases while waiting for a response; by the time they got back to the specific case they may discover they had never received the information. The desire was to enable prosecutors to keep on top of their cases by reducing caseloads to 47. The goal was to be able to get through the cases more quickly.

[3:21:57 PM](#)

Mr. Taylor continued to answer the question by Representative Rasmussen. He explained that the extra support staff would make it possible to keep survivors of sex crimes better apprised on the status of their trial including the timing, whether charges would be pressed, and whether the survivor would need to testify. The goal was to better address survivors' questions and alleviate fears. He was looking at a holistic approach to sex crimes within the state. He shared that he had done significant research compiling a list of current resources within the state, communities, and nonprofits. He was looking at certain sex crime statute changes the department may suggest to the current and future legislatures. Additionally, the department was looking at public outreach. He thought the state could improve how the survivors of sex crimes were treated and how they were helped through the recovery



process. He noted the specific area was not directly related to his job as attorney general, but it was one of the areas he was looking at as a piece of a wholistic approach. Once he finalized a plan in his mind, he would involve other departments and the governor's office in the process.

[3:23:44 PM](#)

Representative Rasmussen believed the topic was an important issue that needed a strong emphasis as a focus. She thought Mr. Taylor had the appropriate background with his experience in the Civil Division to tackle many of the issues the facing the state. She stated that other baggage Mr. Taylor had inherited was the departure of [the governor's] former chief of staff Ben Stevens. She asked him to share his thoughts on the ethical consideration for Mr. Steven's move to the private sector.

Mr. Taylor answered that the Ethics Act was set up in a way that allowed the governor and attorney general to work together, and they could determine it was in the public interest to waive the restriction on a person's employment after leaving state service. He explained that it was designed to protect the state in addition to creating a relief valve. He elaborated that without the ability of the governor's office and the attorney general to waive a conflict, the state would be crippled in ability to find people willing to work for the state for a couple of years with the expertise needed to hit the ground running and address critical issues facing the state.

Mr. Taylor clarified that without a waiver, a person that left state service was prohibited in future employment for two years from engaging in any issue they personally or substantively had been involved in as a state employee. For example, Ben Stevens had not been granted a waiver and would be prohibited from working on any issue he was personally and substantively involved in during his position of chief of staff for the governor. In preparation for Mr. Steven's departure from the governor's office, there had been a meeting with Mr. Stevens and ConocoPhillips to discuss exactly what he would be doing for ConocoPhillips to see if there was a need for him to apply for a conflict waiver. They had ultimately determined there was nothing in Mr. Steven's duties as constituted that would require the state to entertain a waiver of the

conflict. He clarified it did not mean the state was not protected. He explained that Mr. Stevens could not engage in anything in his current employment for two years that he had been involved in personally and substantively while employed by the governor's office. He fully expected that over the course of the two years there will be instances where a conflict would arise, and Mr. Stevens will request conflict waivers. At that time, it would be before the governor and the attorney general to determine if it was in the public's interest to waive the conflict. He believed it was a reasonably foreseeable outcome in the specific situation. He cautioned that the state did not want to get in the habit of granting a raw, global conflict waiver because it did not protect the state. He explained that it gutted what the ethics statute aimed to prevent, which was people getting valuable information while in government service and using the information for private benefit of themselves and their future employers.

[3:27:54 PM](#)

Representative Rasmussen asked who would bear the liability of a potential unethical behavior on the part of Mr. Stevens in his new role if a complaint arose and there was no ethics waiver was in place.

Mr. Taylor answered that the liability and responsibility was on the individual. The Ethics Act was a personal act that put the impetus on obeying the act on the individual. He clarified it did not mean other people could not raise the issue, which was typically how the issues came to light. He elaborated that typically DOL or another department such as the Department of Natural Resources noticed something going on. Additionally, private citizens sometimes sent in complaints. He explained that at that time a complaint would be adjudicated and if the person was found to have violated the act, they would be personally responsible.

[3:29:01 PM](#)

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[3:29:49 PM](#)

RECONVENED

Representative Josephson stated that he did not know how Mr. Taylor could have reached his conclusion that any

potential liability would reside with Mr. Stevens. He shared his belief that Mr. Taylor had rewritten AS 39.52.180. He stated it was not the same law that Mr. Taylor was speaking of. He asked how Mr. Taylor would make a case that Mr. Stevens would be liable for violating the Ethics Act, when the act put the burden of the waiver in the screening process on the administration.

Mr. Taylor answered that it was completely up to the governor's office and the attorney general to evaluate waiver requests. He elaborated that if they did not find that the waiver request was in the public interest, they were under an obligation not to grant the waiver. He stated that by exercising the authority not to grant a waiver, the individual would be liable under the Ethics Act if they violate the two-year rule against engaging in conduct they had personally and substantively engaged in while employed by the state.

[3:31:31 PM](#)

Representative Josephson did not see anything in AS 39.52.180 about the departing employee's duty and responsibility to report they were being asked to work on something that may breach the statute. He interpreted the "may waive" language as an exception to the presumption that the person could not work in a capacity similar that overlapped. He stated that Mr. Steven's job concerned government relations. He remarked that Mr. Jepsen had sat in the gallery for two years while he had been the co-chair of the House Resources Committee. He remarked that there were a lot of oil and gas issues and in the last legislature there had been 37 bills on oil and gas. He thought Mr. Taylor had rewritten the code in his analysis. He was surprised Mr. Taylor did not demand the administration provide him with a copy of a waiver.

Mr. Taylor responded that once a waiver was granted the state was completely unprotected. He explained that once a waiver was granted, the individual could engage in whatever was outlined in the waiver in private practice. He stated it had been "our" position for a long time that the situations were looked at on a case by case basis and if there was a need for a waiver, it would be evaluated by the governor and attorney general. He explained that if the governor and attorney general found there was a need for a waiver because there was personal and substantive

involvement in the specific issue the individual wanted to engage in in private practice and that it was in the public interest, the waiver would be granted. He stressed there was no obligation on the governor to grant waivers. He stated that the waiver left the public unprotected. He explained it was the reason the governor had to find that a waiver was in the public interest before giving approval.

3:34:55 PM

Representative Josephson replied that it was a policy call that would require legislative change. He moved to a different topic. He referenced Mr. Taylor's statement that he met with members of the LGBT community to discuss issues. He asked for details about the issues and what resolution or conclusion had been reached.

Mr. Taylor replied that he felt very strongly about the issues he had worked on for almost two years with individuals from LGBT community leadership. He expounded that the issues surrounded the intersection between LGBT rights and religious liberties. The idea had been to get together with the LGBT community and devise a statutory scheme to present to the legislature that would protect members of the LGBT community from discrimination and being treated in an undignified manner. Additionally, it would individual's rights to religious freedom. He stated that it was difficult to speak about the two groups separately because so many members of the LGBT community were religious adherents. He detailed that a couple of sponsors had been found to carry legislation, but it had unfortunately not moved forward.

Representative Josephson asked what advice Mr. Taylor would give the Human Rights Commission if the commission told the attorney general it wanted to expand jurisdiction to cover claims of anti-discrimination for LGBT community members relative to housing, employment, lending, etcetera.

Mr. Taylor answered that his advice would come after his evaluation of the current statutory scheme. He elaborated that his duty as attorney general was to defend state laws. He would review what state laws stated on the subject and then consult with the Human Rights Commission on the findings.

Vice-Chair Ortiz prefaced the question with the fact that the attorney general served at the discretion of the governor. He asked how important it was for the attorney general, serving at the head of DOL, to have a strong independence from the governor.

Mr. Taylor replied that he took the duties very seriously. He referenced the oath he had taken several days after the governor had asked him to serve as the next attorney general. He stated that the oath was not to the governor's office or other departments, but to the U.S. Constitution and the Constitution of the State of Alaska and to the people of the state. He stated that he took the oath very seriously. He believed there was an opportunity for independence in decisions about litigation that the state took on. He elaborated that the Alaska Supreme Court had made it clear that the attorney general had the authority to bring action that the attorney general considered to be in the public's interest. He pointed out that the governor was not included.

Mr. Taylor remarked that the governor was a client just like all of the other departments and commissions and the attorney general took what the clients wanted into consideration. He explained that ultimately, his duty was to the laws of the state, the state constitution, and the people of the state. He viewed his role as independent when deciding what litigation the state would engage in. He added that if the governor was unhappy with the decisions being made by the attorney general, the governor had the ability to remove the attorney general from the office. He stated it was a check the governor had on the authority of the attorney general to engage in litigation the attorney general found in the public's interest.

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Vice-Chair Ortiz addressed the topic of litigation the state may choose to pursue on behalf of the interest of the governor or another agency. He asked if Mr. Taylor believed it was important to advise the governor on the prospects of being successful in pursuing such litigation.

Mr. Taylor answered that there were similarities and differences between the role the attorney general played for clients (i.e., the governor and departments) and the role private practice played for its clients. He stated

that as in private practice, he expected the attorney general to be frank with clients including outlining strengths and weaknesses in a case, whether a case should be pursued, and what the odds of a successful outcome were. He believed it was the obligation attorneys took on under the Alaska Bar Association. He shared that he took the role very seriously and had filled the role of in-house counsel for almost ten years. He elaborated that his role had been to talk to individuals who ran the companies he advised and give them very frank and clear advice on actions under consideration.

Mr. Taylor addressed the difference between the role of attorney general and attorneys in private practice. He explained that the individuals running companies could choose to take or leave an attorney's advice. As long as there was nothing unethical and no laws were being violated, it was their obligation as leaders of a corporation. Whereas the attorney general got to decide on any litigation and what was in the public interest. He elaborated that while the attorney general advised clients frankly on actions, defending the actions was one of the duties of the state. He reiterated that he got to make the call on whether to engage in litigation.

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Vice-Chair Ortiz stated that the governor had very recently announced an initiative that he wanted to see the state takeover management of more than 8,000 miles of navigable rivers and 30 million acres of navigable lakes in Alaska, which would mean taking over management from the federal government. He asked if there could be litigation over the issue.

Mr. Taylor answered in the affirmative. He elaborated that the state had title to submerged lands under navigable water since statehood. He detailed that the Sturgeon decision clarified that the state owned the land under navigable waters and that the state had the right to manage the waters as well. The state had been in the process of litigating each of the things separately since statehood. He stated that the governor was changing the paradigm. He provided a hypothetical example of a person in a grocery store coming out to their car. He explained that the individual could merely get in their car and drive away without having to furnish ownership documents or tell an

agency. He underscored that the state had ownership of submerged lands under navigable waters and had the right to control waters above the submerged lands. He stressed it was a right Alaska had since statehood, which had been made clear by the U.S. Supreme Court. He stated that the governor had changed the paradigm; he was getting in the car and driving it. He anticipated litigation on the issue. He stated it had been 60 years in the making and he hoped the state could deal with the issue in one piece of litigation instead of piecemeal year after year expending state funds to claim what was rightfully belonged to the state and the people of Alaska.

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Representative Wool referenced a graphic Mr. Taylor had shown about the sex crime rate in the state. He asked where the state ranked nationally in violent crime and homicide.

Mr. Taylor replied that he did not have the information on hand.

Representative Wool believed Alaska ranked number one in violent crime and number two in homicide. He understood the emphasis on the important issue of sex crimes. He assumed the same emphasis would be given to violent crime given the state's poor ranking. He asked for detail.

Mr. Taylor answered that there was no intent to slow efforts in the areas. He remarked that the issues were sometimes very interrelated. He believed people felt emboldened when they broke the law and did not suffer any type of recourse or society failed to hold them responsible, which he thought led to further issues in murder and violent crime rates. He was not taking his foot off of the accelerator on the very important issues, while trying to focus on the issue of sex crimes in Alaska.

Representative Wool asked if Mr. Taylor believed his role as attorney general went beyond enforcement, prosecution, and incarceration into a more holistic scope or vision of how to eliminate the cycle of sex crime, violent crime, homicide, etcetera.

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Mr. Taylor answered there were limitations on the attorney general's authority to address the issues. He fully intended to work with the other players in the arena including the Department of Public Safety, the Department of Health and Social Services, and other departments within the state with pieces of the puzzle. The idea was to get buy-in from the departments and governor's office on a plan of action. He elaborated that he could also utilize his voice. He believed that inherently the attorney general had weight, which he intended to use for the public good when it came to sex crimes.

Representative Wool asked about the Mr. Taylor's vision of the state's involvement in Janus. He asked where Mr. Taylor saw the case going forward and what the state's investment should be.

Mr. Taylor answered that he understood it was a matter of concern by many legislators. He believed that largely the investment spent on the cases had already taken place. He pointed out that he did not make the decision to engage in Janus. He shared that he had seen a piece criticizing the last amicus brief the state had joined in the Belgau case before the U.S. Supreme Court. He communicated his intent to reevaluate the decision. He understood the legislature used the appropriations power to set some limitations. He had not made the initial evaluation but he believed it brought up some separation of powers issues. He stated that the Alaska Supreme Court had made it clear the attorney general had the power to bring litigation the attorney general deemed to be in the interest of the public. He believed any appropriations language curtailing the authority may or may not be unconstitutional. He remarked there was another issue with the confinement clause that an appropriations bill could not be used to administer a state program. He planned to reevaluate the decision to determine whether or not DOL was subject to the appropriation and whether it was a lawful appropriations limitation. He intended to do what the department found.

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Mr. Taylor stated that Janus was an important issue and would not get into whether or not his predecessors had done the right decision to engage in Janus. He shared his framework for thinking about issues like Janus. He stated there were two very important issues that were in conflict.



He stated there was an issue of constitutional rights. He elaborated that the Janus court and the U.S. Supreme Court enumerated the rights as it related to an individual and their association with union representation. He stated that the individual constitutional right was very important; however, so was the state's interest. He believed any time state interests and individual constitutional rights came into conflict, he would always lean on the side of the individual's constitutional rights. He explained that his predecessors had asked the courts to decide the conflict for the state.

Mr. Taylor understood there was quite a bit of concern about the amount of money being spent on the Janus litigation. He was doing everything in his power to reduce the litigation costs just like he would with any litigation facing the state. He discussed cost saving measures. He explained that the department had agreed to stipulate the facts. He explained that the agreement saved the state and saved the unions representing the other side a significant amount of money because the state was not disagreeing over the facts. The state had agreed the court had a clear record that limited the amount of briefing to be done by the parties. He had also substantially pulled back the role of outside counsel. He understood his predecessor had engaged a capable law firm and the unions had engaged a capable law firm out of San Francisco. He believed going forward the department had an ability to do the work in-house.

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Mr. Taylor continued to answer the question related to Janus. He was taking a serious look at whether the state would appeal the last decision. He remarked that it was a process and the state had agreed with the other counsel to put off an appeal date until after seeing what the court would do with Belgau. He explained that the state was participating in Belgau because it was the first case up before the U.S. Supreme Court. He elaborated that if the supreme court looked at the case and made a decision, the state would know where it was functioning on constitutional grounds, and it could avoid a lot of litigation in the future. Additionally, the state could avoid issues that would arise when it negotiated its CBAs [collective bargaining agreements] with unions over the next several years. He explained it would be a non-issue if there was a

U.S. Supreme Court decision. He added that he fully intended to comply with the decision. He stated the issue was not about him hoping for one outcome over another. He explained that the state needed a decision. He relayed that the state had been sued by two employees following the Janus decision and following the state's actions in regard to the Janus decision. The state had agreed with the two parties to stay the lawsuits until after the supreme court ruled on Belgau. He hoped the U.S. Supreme Court would take on the Belgau case and provide a ruling to enable the state to move forward and put the issue in the past.

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Vice-Chair Ortiz highlighted DOL's duty to protect consumers. He was particularly interested in the area of business mergers that could result in the perception of eliminating competition. He asked how active a role Mr. Taylor thought DOL should play in its duties in consumer protection.

Mr. Taylor replied that DOL was the last line of defense for the Alaska public in regard to mergers. He relayed that the department took the role very seriously. He reported that the department monitored mergers from the first time it became aware of the merger throughout the merger process. He elaborated that if the department did not believe there was a violation of law in a merger, it continued to monitor what took place after the merger to ensure Alaska consumers were protected. He explained that if DOL felt two years down the line that a merger had resulted in a practice that was detrimental to the public, the department would act on residents' behalf.

Representative Josephson remarked that the Janus decision concerned non-members, not members. He referenced Mr. Taylor's mention of constitutional rights. He highlighted that the constitution included a case called Laughlin Steel, specifying people had the constitutional right to organize. He noted that the state was on the hook for \$185,000 in damages in just one of the lawsuits. He encouraged committee members to look at AS 39.52.250(b), which stated that a former public officer was not liable under the chapter for any action carried out in accordance with the advice of the attorney general issued under this section if the public officer fully disclosed all relevant facts reasonably necessary for the issuance of the advice.

He believed the attorney general's position was that he had not given all of his advice. He was concerned that the attorney general's meeting with Mr. Stevens and ConocoPhillips would be classified as the moment in time when advice was given. He pointed out there was some evidence that Mr. Stevens would not be held liable.

Co-Chair Merrick thanked Mr. Taylor for meeting with the committee and relayed his confirmation would be finished during another meeting. She asked for a motion from Vice-Chair Ortiz.

Vice-Chair Ortiz stated that the House Finance Committee had reviewed the qualifications of the governor's appointees and recommended the following names be forwarded to a joint session for consideration:

Regulatory Commission of Alaska  
Keith Kurber  
Robert Pickett

Alaska Mental Health Trust Authority

Rhonda Boyles  
Brent Fisher  
Anita Halterman  
Annette Gwalthney-Jones

Vice-Chair Ortiz noted that the action did not reflect the intention of any member to vote for or against the individuals during any further session for the purposes of confirmation.

There being NO OBJECTION, it was so ordered.

Co-Chair Merrick thanked the appointees.

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AT EASE

[3:59:58 PM](#)  
RECONVENED

Co-Chair Merrick reviewed the agenda for the following meeting.

#

ADJOURNMENT

4:00:15 PM

The meeting was adjourned at 4:00 p.m.